

Employment Guarantee and Corruption

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Few issues are more important at this time than the successful implementation of the National Rural Employment Guarantee Act (NREGA). This historic Act is a significant step towards the realization of the right to work. It gives people the right to be employed on local public works, at the statutory minimum wage, within 15 days of the date of demand. The Act has generated new hopes in rural areas, and if it is well implemented, it could go a long way in protecting rural households from unemployment, poverty and hunger.

The National Rural Employment Guarantee Act is also an opportunity to bring about far-reaching economic, social and political change in rural areas. The Act can help to revive the rural economy, by creative productive assets and generating purchasing power in the villages. It will give a new purpose to the Gram Panchayats and the Gram Sabhas, backed by massive financial resources. Guaranteed employment is also likely to contribute to the empowerment of women, by giving them independent income-earning opportunities. Last but not least, the Act is a new opportunity for rural labourers to organise and struggle for their rights.

All these achievements, however, depend on the successful implementation of the Act. In particular, they depend on preventing the embezzlement of NREGA funds. Opponents of the Act have often argued that it is bound to breed corruption and lead to a massive waste of public money. As Dr. Shankar Acharya, former Chief Economic Adviser to the Government of India, put it in a recent article, NREGA could easily become “a horribly expensive gravy train”. This concern is understandable, given the long history of corruption in rural employment programmes (or for that matter in most rural development programmes)..

The chief method of embezzlement in public works programmes is fudging of muster rolls. Essentially, a muster roll is a work attendance register, which also serves as a receipt to claim funds from the Block or District administrations. The funds are supposed to be used to pay the labourers, based on their attendance as recorded in the muster rolls. In many states, however, a practice of “dual muster rolls” has developed, whereby attendance details are taken in an informal worksite register (sometimes known as “kaccha muster roll”), while official records are maintained separately on the prescribed forms (the “pacca muster rolls”). Workers are paid on the basis of kaccha muster rolls, funds are claimed using the pacca muster rolls, and the difference is siphoned off – simple!

This perverse practice survived for decades because the *pacca* muster rolls were beyond public scrutiny. But times are changing. Today, muster rolls can be scrutinised under the Right to Information Act, and also under NREGA itself. Indeed, the Operational Guidelines of NREGA clearly state that “all NREGA-related information is in the public domain”. Further, the Act includes wide-ranging provisions to prevent fudging of the muster rolls. For instance, muster rolls are to be kept at the worksite; they have to be read aloud when wages are paid; details of wage payments have to be copied from the muster rolls to the labourers’ “job cards”; and so on.

How effective are these transparency safeguards? Recent evidence suggests that they can make a big difference. There is a great deal to learn, in particular, from “muster roll verification” exercises that have been carried out in different parts of the country in the context of social audits and field surveys of NREGA. An important landmark was the mass social audit of NREGA in Dungarpur in April 2006, where very little fudging of muster rolls was found. This was a major victory for the “right to information movement” in Rajasthan, which has pioneered the design and enforcement of transparency safeguards.

By contrast, a verification of muster rolls in Garhwa District (Jharkhand) carried out in October 2006 by students from Delhi University and Jawaharlal Nehru University found that only 15 per cent of the wages paid according to the muster rolls had actually reached the concerned labourers. In other words, there was very little relation between the muster rolls and actual wage payments. The practice of “dual muster rolls” was in full swing and there was virtually no check on the embezzlement of funds.

However, when we returned to Jharkhand in May 2007, we found that significant changes had taken place. The transparency safeguards (e.g. job card entries) were still routinely flouted, but nevertheless, a beginning had been made towards greater openness. For instance, photocopies of all the muster rolls in Ranchi District were made available by the District Collector within two days of request. This was a striking contrast with the situation in Garhwa a few months earlier, when muster rolls for a few villages were obtained with the greatest difficulty.

Careful verification of muster rolls for five randomly-selected worksites in Ranchi District revealed that 67 per cent of the recorded payments had actually been made. This is still far from 100 per cent, but it is much higher than the dismal 15 per cent found in Garhwa a few

months earlier. If “leakages” can be reduced from 85 per cent to 33 per cent, they can surely be reduced even further. The key step is to enforce the transparency safeguards under NREGA.

This point was confirmed in a subsequent investigation of NREGA in Surguja and Koriya Districts of Chhattisgarh. In this area, the implementation of transparency safeguards had gone much further than in Jharkhand. For instance, muster rolls were easily available (if not at the worksite then at least within the Gram Panchayat), and wage payments were often – not always - recorded in the job cards. A muster roll verification exercise comparable to the Ranchi survey found that 95 per cent of the wages paid according to the muster rolls had actually reached the labourers. In other words, there was very little embezzlement of wage funds. This is a major achievement, especially in contrast with the massive levels of fraud observed in the same area in earlier years (e.g. under the National Food For Work Programme).

In short, there is growing evidence that it is possible to remove mass corruption from NREGA. This calls for strict implementation of transparency safeguards, as well as firm action whenever corruption is exposed. In these simple steps lies the future of the Act, and of all those for whom guaranteed employment is a new ray of hope.